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Statement by the Department of Agriculture on the Need for
the Limitations of Peanut Imports Under Section 22 of the
Agricultural Adjustment Act, as Amended



Pursuant to Section 22 of the Agricultural Adjustment Act, as amended, and based on a preliminary investigation made in accordance with Executive Order 7233 of November 23, 1935, the President was advised by the Secretary of Agriculture on April 8, 1953, that there is reason to believe that as soon as Section 104 of the Defense Production Act of 1950, as amended, expires, shelled and unshelled peanuts are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective or materially interfere with the peanut price support, marketing quota and acreage allotment programs undertaken by the Department of Agriculture or to reduce substantially the amount of products processed in the United States from domestically grown peanuts.

The President agreed that there is reason for such belief and on April 8, 1953 directed an immediate investigation be made by the United States Tariff Commission to determine whether controls under Section 22 are necessary.

Section 22 provides that if, on the basis of the investigation by the Tariff Commission, the President finds the existence of such facts, he shall, by proclamation, impose such fees or such quantitative limitations on entries of foreign articles as he finds to be necessary in order that such entries will not render or tend to render ineffective or materially interfere with any programs or operations covered by Section 22.

The facts revealed by the preliminary investigation made by the Department of Agriculture are as follows:

The Problem of Surplus Peanuts

For some years the United States has faced a serious problem of surplus peanuts. Peanut production, which had been at an annual average of 1,395 million pounds in the immediate pre-war 1937-41 period, was increased to over 2,000 million pounds a year during World War II in order to produce peanuts not only for an expanded demand for edible use, but also for crushing into oil. Normally peanuts are not grown for oil in the United States and consequently only damaged peanuts and any surplus in excess of the needs for edible use are usually crushed for oil. During the war, however, because of a shortage of fats and oils special emphasis was placed on the production of peanuts for oil. Not only has the war-time and immediate post-war need for oil peanuts disappeared but following the war the demand for peanuts for edible use declined.

Marketing Quotas and Acreage Allotments

The objectives of these programs is to prevent burdensome surpluses and critical shortages in supplies of peanuts, and thereby stabilize prices in the interests of both producers and consumers.

Section 358 of the Agricultural Adjustment Act of 1938, as amended, provides for the determination of marketing quotas and acreage allotments by the Secretary. For these marketing quotas to be in operation two-thirds of the

farmers voting in a referendum must vote in favor of marketing quotas. Penalties apply to all peanuts produced on acres in excess of allotted acres.

Marketing quotas had been suspended during the war years due to the extreme shortage of fats and oils. The serious surplus situation first developed in connection with the marketing of the record 1948 crop of peanuts. As provided by the Agricultural Adjustment Act of 1938, as amended, marketing quotas and acreage allotments were established for the 1949 crop in order to bring the supply of peanuts more nearly in line with demand.

National marketing quota for any year may be defined as that quantity of peanuts which will make available for marketing a supply from the crop with respect to which the quota is proclaimed equal to the average quantity of peanuts harvested for nuts during the preceding five years, adjusted for current trends and prospective conditions. However, the quantity of peanuts determined to be necessary must not be less than will allow a national acreage allotment of 1,610,000 acres (1941 national acreage allotment.)

National acreage allotment for any year may be defined as the acreage which is obtained by dividing the national marketing quota by the normal yield per acre of peanuts for the United States determined on the basis of the average yield per acre in the preceding five calendar years adjusted for trends in yields and for abnormal production conditions. (Sec. 358 (a) of the Agricultural Adjustment Act, as amended.)

Marketing quotas have been substantially reduced from the 1949 level of 1,700 million pounds to the 1,326 million pounds announced for 1953, which is slightly less than the 1937-41 pre-war average production. Acreage allotments were progressively reduced in 1950, 1951 and 1952. For 1953, a still further reduction has been announced. (See page 10611 - 17 F. R. dated November 21, 1952.) The 1953 acreage allotment total of 1,679,139 acres includes 1,678,481 acres determined as the general acreage allotment for peanuts plus an additional 658 acres designated for the production of Valencia type of peanuts in accordance with the determination of allotments by types as provided by Section 358 (c) (2) of the Agricultural Adjustment Act of 1938, as amended. The laws passed by the Congress of the United States make no provision for the inclusion of foreign peanut supplies in these calculations. As has been pointed out the law provides a minimum acreage allotment of 1,610,000 acres exclusive of any additional acreage allotment established for specific types. Since peanuts were made a basic commodity in 1941 under the Agricultural Adjustment Act of 1938, as amended, farmers have voted in three referenda on marketing quotas and each time quotas were approved. Marketing quotas were last approved three years ago by producers, and are, under the law, again to be voted on before December 15, 1953.

Price Support

Peanuts are supported under the law as a basic agricultural commodity. Section 101 of the Agricultural Act of 1949, as amended, provides that price support is to be made available through loans, purchases or other operations to cooperators for any crop of any basic agricultural commodity, if producers

have not disapproved marketing quotas for such crop. The support level is to be not in excess of 90 percent nor less than 75 percent of parity depending on the relationship between the estimated supply for the marketing year and the normal supply. However, Public Law 585, 82nd Congress, approved July 17, 1952, provides that the level of support shall be 90 per centum of the parity price for the 1953 and 1954 crops, if producers have not disapproved marketing quotas.

The objective of the price support program is to stabilize the prices of peanuts and to assist farmers to obtain, insofar as practicable, parity prices for peanuts and parity of income, and assist consumers to obtain an adequate and steady supply of peanuts at fair prices.

In conformity with the legislative authorization discussed above, price support on 1952-crop peanuts was made available by CCC through loans and purchase agreements. Loans were made available not only to producers but also to the three peanut producer cooperative associations which operate in the three main peanut producing areas. These associations are organizations of peanut farmers and are the main instrumentalities through which price support is extended to growers of peanuts. Under this method the grower delivers his peanuts to the cooperative association, receives the established loan advance for the type and grade of peanuts he delivers, and participates in any profits that the cooperative may make through the marketing of the peanuts. The cooperative operates under a contract with CCC and pledges the peanuts to CCC as security for the loans to it. Instead of operating through the cooperative, an individual producer of peanuts may obtain, if he so desires, a loan on his peanuts through the local office of the Production and Marketing Administration. Purchase agreements - under which a producer could deliver to CCC at the support price, during a specified period of time, after May 31, 1953, any or all of the peanuts covered by the purchase agreement - also were available to producers as a means of supporting the price. Attached is a copy of the "1952 CCC Peanut Bulletin", which appeared in the Federal Register on June 28, 1952 and a copy of Amendment 1 which appeared in the Federal Register on October 3, 1952. These documents set forth in detail the operations of the 1952 price support program.

The price of peanuts to cooperating producers (i.e. those who comply with the peanut acreage allotments for their farms) must be supported for the 1953-54 crops, at 90 percent of parity when marketing quotas have not been disapproved by producers. For the 1953 crop the support price of peanuts at 90 percent of parity amounts to an average support price of \$237.60 per ton or 11.88 cents per pound, unless 90 percent of the August 1, 1953 parity is higher. After 1954 the price of peanuts to cooperating producers would be supported under the Agricultural Act of 1949 within the range of 75 to 90 percent of parity when marketing quotas have not been disapproved by producers. Under the 1953 program a non-cooperating producer is not only ineligible for price support on his peanuts, but also is required to pay a marketing penalty on all peanuts marketed for edible use from his farm in excess of the farm marketing quota. Price support has been effectuated through loan and purchase operations by the Commodity Credit Corporation. Peanuts acquired by CCC in these operations to the extent that they cannot be resold into edible channels at or above the legal minimum of 105 percent

of the support price plus reasonable carrying charges as required by Section 407 of the Agricultural Adjustment Act, as amended, are sold for crushing at prices based on prevailing oil and meal values. These normally are much lower than the value for edible use.

Losses Under Price Support

The Commodity Credit Corporation has incurred losses on the surplus peanuts acquired by its price support operations. These losses amounted to \$25,601,240 for the 1948 crop and increased to \$39,668,566 for the 1949 crop. For the 1950 crop the CCC losses were \$17,145,803. The CCC 1951 and 1952 crop operations are not yet completed.

As of January 31, 1953 CCC held in inventory 48,524 tons of 1951 crop peanuts valued at \$12,552,705 or \$258.68 per ton including carrying charges. On the same date losses under the 1951 program amounted to \$6,529,987. Losses are to be expected on the inventory holdings. The extent will be dependent on the proportion which must be sold for crushing. At the present time there are 57,912 tons of 1952 peanuts under loan or purchase agreement and all or part of these peanuts will be acquired by CCC after May 31, 1953, the maturity date of the loans. Eventual losses on these peanuts will be dependent on the extent of acquisition and final disposition.

In addition, expenditures under Section 32 of the Act of August 24, 1935, as amended, have amounted to \$10,167,000 for the 1948 crop, \$4,559,000 for the 1949 crop and \$876,000 for the 1950 crop on peanuts exported for crushing. There have been no Section 32 programs since the 1950 crop. These progressively decreasing losses since 1949 bear witness to the fact that national peanut production in this post-war readjustment period has been brought reasonably in line with demand and that the surpluses have been effectively reduced through the Department's peanut programs. Unlimited importation of edible peanuts, however, would bring the supply of peanuts in the domestic market above the level of requirements on which marketing quotas and acreage allotments are based. Because of the legal minimum, acreage allotments cannot be reduced much below the 1953 level.

The increased supply from imports would increase the surplus of peanuts over that quantity which the domestic edible market could absorb at support prices and would result in a corresponding increase in the quantity of domestically produced peanuts that the Commodity Credit Corporation would have to acquire in its price support operations. Since under such circumstances there would be little prospect of subsequent sale at 105 percent of the support price plus carrying charges, the additional domestically produced peanuts acquired by the Commodity Credit Corporation would have to be diverted from edible sales channels to domestic crushing or export for crushing abroad, in either case at increased Government expense and loss.

Peanut Import Control and Tariffs

Imports of peanuts have been controlled since the beginning of World War II. From 1942 through July 31, 1951 imports were controlled under the authority of the Second War Powers Act, and various extensions thereof. Effective August 9, 1951, imports were embargoed under the authority of Section 104 of the Defense Production Act of 1950, as amended, which will expire on

June 30, 1953. Tariffs are shown on Table 5. The present duty under the Tariff Act of 1930 is $4\frac{1}{4}$ cents per pound for unshelled and 7 cents per pound for shelled peanuts, and 7 cents a pound on blanched and roasted, prepared or preserved peanuts. Peanuts from China are embargoed by Treasury Action of December 17, 1950.

Threat of Imports into the United States

Upon the termination of import controls, peanuts are practically certain to be imported in very large quantities because of the large volume of foreign production and exports relative to the U. S. production of peanuts, the relatively low prices of peanuts in foreign supplying countries, and the need of such countries for dollar exchange.

World Production and Trade 1/

Peanuts are grown in more than 45 countries of the world. In 1952 a fairly representative year, Asia produced about 65 percent of the estimated world production; Africa accounted for 23 percent and the United States 7 percent. The small remainder was produced chiefly in South America. (Table 6.)

World production of peanuts in 1952 is estimated at 19,700 million pounds. This is 3 percent higher than the average annual production in the 1935-39 pre-war period.

The United States has produced from 7 to 10 percent of the world's production of peanuts in recent years. In 1952 production was an estimated 1,352 million pounds. While this quantity is 11 percent greater than the 1935-39 pre-war average, it is the smallest outturn since 1939. Thus, it reflects, in part, the Department's efforts, through its marketing quota and acreage allotment programs, to cope with the domestic surpluses that accumulated following the high-level production of recent post-war years.

World availabilities of peanuts, as such for export, in 1953 probably will be near 1,500 million pounds^{2/}, or more than the total quantity produced in the United States last year. This estimated quantity reflects a decline from the 1,700 million pounds exported in 1951, the most recent year for which available trade data are complete (Table 7). If only a relatively small proportion of this quantity were to be permitted entry into the United States after June 30, 1953, it appears that such entry would render ineffective or materially interfere with the Department's programs on peanuts.

World exports of peanuts in recent years have declined sharply from 1935-39. In 1951 the quantities exported represented one-third of the 5,128 million pounds exported in the pre-war period. This sharp decline has resulted primarily from reduced output and increased consumption in the three leading

^{1/} A more detailed statement is attached in Exhibit A.

^{2/} The estimate is based on the assumption that half of the world's surplus supplies of peanuts will be exported as oil, indicating the steadily-rising quantities of peanuts crushed within the major producing countries.

peanut-producing countries. Not only has population expanded greatly in India, China, and French West Africa, but an effort has been made to improve the diets of the nationals in those countries through greater use of peanuts. This is particularly true of India.

The bulk of the world's exports of peanuts is purchased by countries in Western Europe (Table 9). The major buying countries there are France, the United Kingdom and Western Germany, all soft-currency countries. In addition to other countries in Europe, small quantities of peanuts are purchased by a few deficit-producing countries in Asia and Africa. Canada, a dollar-trading country, is a moderately important world market, and is the largest importing country in the Western Hemisphere. The Canadian market is supplied chiefly by peanuts from India and Mexico.

Although Cuba and the Philippine Republic are deficit producers of peanuts, perhaps either or both could increase production over a period of time to market peanuts in the United States. Under the terms of the Philippine Trade Act of 1946, the Republic would enjoy a decided concession of the import duty for a number of years; and Cuba has a concession of 20 percent below the regular duty of 7 cents per pound on shelled peanuts.

Historically, the United States has imported peanuts of the larger types, mostly in shelled form, for use in the edible trade. During the late 1930's such imports originated in the Philippines, China, Japan, Argentina, India, Nigeria, Portuguese Africa, Mexico, Dominican Republic, Barbados, Trinidad, and Tobago. At present, it would be possible for edible type peanuts to be shipped to the United States from a number of sources. A large portion of peanuts produced in exporting countries is capable of being used for edible purposes, although the bulk of the export movement to Europe today is of unsegregated peanuts for use primarily in crushing into oil and meal.

Prices

Comparative prices between the United States and foreign peanut producing countries and foreign importing countries make it practically certain that peanuts would be imported into the United States in volume over present duties if import restrictions are removed.

There has been no change in the peanut tariff since the Tariff Act of 1930 which placed a 4.25 cents per pound duty on unshelled peanuts and a 7 cent per pound duty on shelled (Table 5) so that these duties established in 1930 during the depression offer the only existing protection against heavy imports. At the time these duties were established the price level of peanuts was so low - farmers received an average of 3.51 cents per pound for peanuts in 1930 - that the duties were effective. Peanut prices are three to four times as high today and consequently the 1930 duties offer but little protection.

The current United States producer's price for farmers' stock peanuts for the crop year beginning August 1, 1953 is required to be supported at 90 percent of parity. This means that the average support price of peanuts during the coming crop year has been announced at not less than 11.88 cents per pound less deductions for any excess of damage. This price is to be contrasted with an equivalent type of support price for the 1953 crop in

Brazil equivalent to 7.54 cents per pound; a price of 5.18 cents per pound to producers in Senegal which is the major producing area of French West Africa; and a price of only 3.24 cents per pound established by the Groundnut Marketing Board in Nigeria as its price to producers. The U. S. market prices for the major types of edible peanuts for the last few years and for the two selective weeks in the 1952-53 crop year are shown in Table 4. Prices during the week ending November 4, 1952 which was a week of heavy marketing of peanuts in the U. S. varied from 16.8 to 18.8 cents per pound for different qualities of edible cleaned (unshelled) Virginias and from 18.1 to 22.9 cents per pound for edible shelled peanuts of all types.

Table 10 presents a comparison of the U. S. market prices monthly for Spanish type peanuts, shelled, for the U. S. with the monthly wholesale prices in Mexico City, Mexico and Bombay, India for fairly similar type peanuts. Even though the Mexico City prices are on an unshelled basis, it is obvious that at the height of the marketing season in October, November and December imports from Mexico would be attractive in spite of the American duty and in spite of an export tax in Mexico varying from 5 percent to 13 percent plus minor additional charges. The Bombay, India shelled peanut wholesale prices which show such a large differential from U. S. shelled wholesale prices at Southern shipping points are undoubtedly for run-of-the-mill peanuts for crushing into oil rather than edible grade peanuts. However, labor in India is relatively so cheap that hand picked edible grade peanuts could undoubtedly be exported to undersell American peanuts of equivalent grade. European delivered prices during the peak of the marketing year in November, December and January are quoted at prices for shelled peanuts ranging from about 9 cents to 12 cents per pound, bulk basis, while prices for unshelled peanuts ranged from as low as 7 cents for Sudanese peanuts upward. The peanuts came from China, Thailand, India, Ethiopia, Sudan, Nigeria, French West Africa and Portuguese Africa.

The European delivered prices for shelled peanuts of 9 to 12 cents per pound would be equivalent to duty-paid prices at U. S. ports of from 17 to 19 cents per pound as it is assumed that the cost of laying down peanuts in U. S. ports is approximately the same as in European ports. From some exporting countries the cost would be a little more while from others it would be a little less. This price range of 16 to 19 cents per pound is substantially below prices of edible shelled peanuts, bulk, interior shipping points, U. S. of from 18 to 23 cents per pound with extra-large Virginia type peanuts commanding the highest price.

It is apparent that shelled peanuts of foreign origin would flow to the U. S. so long as price differentials of this magnitude occur. Moreover, there is a wide gap between prices paid producers for unshelled peanuts - equivalent to U. S. farmers' stock - in some surplus producing areas and the price of shelled peanuts laid down in European ports. It is therefore believed that foreign sellers could probably quote lower prices if necessary in order to make sales in the U. S.

Effect of Imports on the Peanut Program

Unrestricted imports of peanuts would render ineffective or materially interfere with the Department's program for peanuts, would reduce substantially the amount of products processed from domestic peanuts, and would increase losses to the Government under the price support program.

As indicated earlier, domestic supplies of peanuts have been more than ample to supply requirements for edible purposes at the support level. The Government has had to acquire peanuts from the 1952 crop under price support, even though imports are embargoed, and is likely to acquire additional quantities under the 1953 program. At the same time relatively large supplies of peanuts are available in a number of foreign countries, at prices below the domestic price support level after allowing for transportation and duty.

Under these conditions if foreign peanuts were permitted to be imported, production of products manufactured from domestic peanuts would be substantially reduced. This would occur because these manufacturers of edible products - cleaned peanuts for roasting stock, salted peanuts, peanut butter and peanut candy - would be able to buy imported peanuts of edible quality at lower prices than they would have to pay for domestic peanuts.

This increased use of foreign peanuts would mean that an equivalent quantity on almost a pound for pound basis would move into Government ownership, since total consumption of peanuts in the United States probably would not be increased proportionately. The Government in turn, would be unable to dispose of these peanuts for edible purposes, because it is unlikely that market prices would increase to a level which would permit the sale under Section 407 of the Agricultural Adjustment Act of 1949. The alternatives would be to dispose of these peanuts for secondary uses, such as oil, or for export. Either alternative would result in large losses for the Government. The burden would increase in proportion as imports were increased.

This increased movement of peanuts in the Government stocks would interfere with the attainment of the objective of the peanut price support program. The objective is to enable producers to market products in an orderly manner, through normal trade channels, at fair prices.

Unrestricted imports would keep the price of peanuts down to support levels and deprive producers of the opportunity of obtaining more than the support price.

At the same time it would interfere with the orderly marketing of peanuts through normal channels. Normally, farmers sell peanuts to shellers. They put under price support only those quantities which shellers will not take at the support price. From past experience imported peanuts would be in a cleaned or shelled form and generally would not require the services rendered by shellers. Consequently, the volume of shellers in this country would be reduced. The shellers would not only reduce total purchases by about the amount of imports, but also be reluctant to carry stocks. This would mean that an increased volume of peanuts would tend to move from the farmer to the price support program. If imports reach large enough levels they would force some shellers to shut down. Any reduction in the number of shellers would have long run adverse effect on producers, by reducing the number of competitive outlets for peanuts.

The increased imports also would interfere with the operation of acreage allotments and marketing quota programs. Under existing law, the national

peanut acreage allotment cannot be reduced below the minimum allotment of 1,610,000 acres. The adverse effect of the importation of peanuts on the peanut programs could not be alleviated by reducing acreage allotments since imports are not a factor to be considered in determining allotment and marketing quota. Such a course would not be desirable in any case, since if allotments were to be reduced, the peanut program would be operating to benefit foreign producers and reduce the amounts processed from peanuts produced in the United States from domestically produced peanuts. This would do violence to the basic purpose of the Department's peanut programs which is to give American farmers a fair return for producing peanuts needed for the domestic market and at the same time to hold production in line with demand so as to stabilize prices to the advantage of both the peanut farmers and the American public as a whole.

Remedial Action

It is recommended that in accordance with Section 22 (b) of the Agricultural Adjustment Act, as amended, the "representative period" on which to base the permissible total quantity of shelled and unshelled peanuts eligible for entry into the United States be the calendar years 1935-39 inclusive and that the quota be the legal minimum of 50 per centum of the average annual total which was entered during those calendar years. It is also recommended that global annual quotas be established.

Further it is recommended that the quota be established in pounds of "shelled peanuts" and that the quantity of peanuts to be permitted entry be established by adding to the average annual weight of the shelled, blanched, roasted, prepared and preserved peanuts imported in 1935-39 the average annual weight of the unshelled peanuts imported in 1935-39 corrected to shelled weight. Ordinarily, the weight of the shelled peanuts is considered to be 75 percent of the weight of the unshelled peanuts.

As reported by the U. S. Department of Commerce in "Foreign Commerce and Navigation of the United States" the imports of shelled peanuts averaged 2,885,744 pounds of. blanched, roasted, prepared and preserved average 26,742 and of unshelled peanuts averaged 423,405 pounds per annum during the period 1935-39. Correcting the weight of the unshelled imports to an equivalent weight on a shelled basis as described above the computed average annual weight of the peanuts imported 1935-39 inclusive would equal 3,230,040 pounds. This calculation assumes that the blanched, roasted, prepared and preserved peanuts can all be included in the calculation on an unshelled basis. On an annual "shelled peanut" basis at the 50 percent quota recommended total annual imports of peanuts would be limited to 1,615,020 pounds.

The period 1935-39 inclusive is recommended as the representative period because it is the last non-war non-import control period.

Preference on quantitative limitations is based on the belief that this method of limitation will not allow importation of peanuts in such quantity as to render or tend to render ineffective or materially interfere with the peanut price support, marketing quota and acreage allotment programs undertaken by the Department of Agriculture and to reduce substantially the amount of products processed in the United States from domestically grown peanuts.

World Production and Export
of Peanuts

The total world production of peanuts averaged 19,056 million pounds in pre-war 1935-39 (Table 6). In post-war 1946-50, world production averaged 21,731 million pounds. It has declined to 20,665 million pounds in 1951 and an estimated 19,700 in 1952 largely as a result of declining production in China, India and the United States.

United States production of peanuts which averaged 1,229 million pounds in pre-war 1935-39 reached a peak of 2,336 million pounds in 1948, declined to 1,365 million pounds in 1952, primarily as a result of the operations of the Department's peanut marketing quota and acreage allotment programs in coping with the domestic surplus. The U. S. production in 1952 constituted only 7 percent of the world production.

Production of peanuts in Asia increased from approximately 14,000 million pounds in 1935-39 to an average of about 14,800 million pounds in 1946-50 and declined to only 13,300 million pounds in 1951 and 12,800 in 1952. China's (excluding Manchuria) important crop averaged about 6,000 million pounds in both the 1935-39 and 1946-50 periods but has declined to 4,960 million pounds in 1951 and 4,740 in 1952. India's 1951 crop was 6,821 million pounds and the 1952 crop is estimated at 6,483, considerably less than the 1946-50 average of about 7,500 million pounds but about equal to 1935-39 average of 6,600. These two countries, China and India, account for over half of the total world production of peanuts. Indonesia, Burma, Manchuria, Formosa, Japan and the Philippine Islands also are important Asiatic producing countries. Production in Burma and Indonesia is currently approximately at the pre-war level. Production in Japan, Formosa and the Philippine Islands, however, has increased markedly. Japan's 1951 production of 64 million pounds compares with 29 million in 1935-39 and a 26 million average in 1946-50. Formosa's 132 million pounds in 1951 compares with 77 million in 1935-39 and 109 million average in 1946-50.

The Philippine Islands production though smaller than that of many countries is particularly important because of the pre-war record of exports to the U.S. and the present duty-free position of all exports to the U.S. from the Philippines. Philippine production averaged 9 million pounds during the period 1935-39. After the war Philippine peanut production has steadily increased reaching 34 million pounds in 1952 and is estimated at 39 million pounds for 1953.

French West Africa and British Nigeria are the two most important peanut producing areas in Africa. Production in French West Africa has remained at the pre-war level of about 1,700 million pounds except for poor crops in 1946 and 1950. Production in 1951 and 1952 was nearly at the pre-war level. Output in Nigeria and the Cameroons was much larger in 1951 and 1952 than pre-war. Total production for Africa, at 4,826 million pounds in 1951 and an estimated 4,544 for 1952 was more than one billion pounds larger than in 1935-39. Other important producing areas include Belgian Congo, Union of South Africa, Gambia, Uganda and Portuguese Africa.

Brazil and Argentina are the two leading peanut producing countries in South America. Peanut production in South America is estimated at about 600 million pounds in 1951 and 700 million in 1952 compared with an average

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of 258 million pounds in 1935-39.

Because of proximity and ease of transportation the peanut production in the other North American countries is important. Mexican production has steadily increased from a 1935-39 average of 24 million pounds to 150 million in 1951 and 165 million in 1952. Similarly the production of peanuts in the Dominican Republic has been increasing rapidly from a pre-war figure of 8 million and is now about 45 million pounds. Conversely production in Cuba has declined from a pre-war average of 38 million pounds to only 8 million in 1951.

Exports

Despite the relatively small decline in world production since pre-war, the volume of exports of peanuts from some of the surplus-producing countries has been much less than pre-war. This has been due primarily to drought and increased domestic consumption of peanuts in India, drought and disrupted conditions in China, and an increase in the crushing of peanuts and the export of peanut oil by the surplus-producing countries. Total exports of peanuts for reported countries (unshelled equivalent) were only about 1,700 million pounds in 1951. The data for 1952 are not complete but may be roughly estimated at 2,000 million pounds. Exports from the reported countries ranged from 2,037 to 3,100 million pounds in the years 1946-50, whereas the average for 1935-39 was over 5,000 million pounds. Exports of peanut oil from the surplus major peanut producing countries other than the United States averaged 122 million pounds in 1935-39 but had risen by 1951 to 339 million pounds.

In the pre-war period, India was the world's leading exporter. Since the war exports from India, while still significant, have declined greatly to 122 million pounds in 1951 from a pre-war 1935-39 average of 2,089 million pounds. What exports she makes are increasingly in oil which were 118 million pounds in 1951 compared with only 17 in pre-war 1935-39. India establishes export quotas after surveying the crop and the food needs of her people. India's 1952 crop was down from her normal post-war production. This affects the amounts available for export in 1953. Nevertheless, since India's production is great and since historically she has been adjusted to a heavy export, her potential peanut export possibilities must not be overlooked, particularly if import restrictions in the U. S. were removed so that India would find it to her advantage to export peanuts to this country at relatively high prices and thus obtain needed dollar credits. In 1952 India permitted exports to exceed the originally established export quota.

With respect to China, including Manchuria, all trade with this country is, of course, presently blocked by action of both the U. S. and the Red Chinese Government. Numerous applications for import permits had been received before the above-mentioned embargoes were established. China's and Manchuria's pre-war exports of peanuts, averaging 258 and 256 million pounds respectively in the 1935-39 period, were not only sizeable but included significant quantities of edible grade peanuts. Shipments of peanuts from China, estimated at 200 million pounds are presently an important factor in the European market. In the 1920's large quantities of edible grade peanuts were imported from China into the United States.

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In world peanut trade terms the increase of over one billion pounds in African production in 1951 and 1952 over pre-war 1935-39 is note worthy. As stated in "Foreign Crops and Markets", "The increase in Africa is particularly significant because Africa now is the major world source of surplus peanuts." African domestic consumption has, however, increased considerably and African exports of peanuts are only about half the pre-war. Of course, the crushing and export of peanut oil particularly in French West Africa accounts in great part for the decline in African peanut exports. About one-half of the 1951 French West African crop was purchased by the oil processors of Dakar and about two-thirds of the 1952 crop. Nevertheless, shipments of peanuts for January and February of 1953 alone have exceeded 82 million pounds. Although most of the surplus African production is under controlled programs directed toward European consumption there are possibilities of shipment elsewhere. With regard to the 1951 peanut crop in French West Africa, a Foreign Service Dispatch from Dakar dated December 3, 1951, stated "For this harvest, the price will be free and while France will have priority on purchases, exports to countries other than France are authorized." The production in Nigeria, Gambia and Uganda, is grown under controlled programs which are operated primarily in terms of the needs of Great Britain, however, in considering the potential export of peanuts to the U.S. the drive for dollar exchange might possibly influence marketing policy. Portuguese African production in Angola, Mozambique, and Portuguese Guinea is considerable and most of it moves at free prices into the general European peanut market.

Mexico has been steadily increasing her exports of peanuts. Mexican peanut exports were 1 million pounds in 1948, 15 million in 1949, 33 million in 1950 and were 52 million in 1951 and 48 million in 1952. Most of the Mexican exports are to Canada, for edible use. If imports of peanuts into the U. S. were permitted, the large price differential might make attractive the export of peanuts to the U. S. Also production of peanuts in Mexico undoubtedly could be increased, and an expansion in the exportable surplus of peanuts would probably occur if the United States market were open to Mexican peanuts. There is a small export tax on peanuts but this is not sufficiently large to block exports and could of course be changed by the Mexican Government.

As already pointed out, Cuba enjoys a tariff preference of 20 percent on peanuts and although Cuban production of peanuts has in recent years declined greatly, nevertheless, if the United States market should be opened to Cuban peanuts, production of peanuts might become re-established again and an exportable surplus develop.

Since the production of peanuts in the Dominican Republic has become so important during the post-war period imports into the United States could be expected from this country.

Philippine peanuts are at present duty free. Philippine exports to the United States were increasing at a rapid rate during the years just before World War II. During the 1935-39 period 72 percent of the total U. S. imports came duty free from the Philippines. In 1939 U. S. imports of shelled peanuts totaled 6,862,075 pounds of which 6,393,809 or 93 percent

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came duty free from the Philippines . Philippine production in 1938 was reported at 8 million pounds and in 1939 at 14 million pounds. After the war in spite of the loss of the American market peanut production seems to be rapidly increasing. There is a domestic demand for peanuts in the Philippines and in many years significant quantities were imported. Nevertheless, if import controls are removed, based on the pre-war experience, it can be anticipated that a large proportion of the expanding Philippine production will be exported to the United States. Although the completely duty-free position of U. S. imports from the Philippines expires July 3, 1954, a preferential position continues for a period of twenty years under a formula which adds 5 percent of the regular duty each year. (See Table 5 for tariffs on peanuts).

